

Philip Angelides, Chairman
CA State Treasurer

The HealthCAP Loan Program Information & Application

A Partnership between

CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY

915 Capitol Mall, Suite 590
Sacramento, California 95814
Phone: (916) 653-2799
Fax: (916) 654-5362

NCB DEVELOPMENT
CORPORATION

NCB
NCB Development Corporation
1333 Broadway, Suite 602
Oakland, CA 94612

Loans for Health Facilities at
Competitive Rates & Terms



CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

THE HEALTHCAP LOAN PROGRAM TABLE OF CONTENTS

PROGRAM INFORMATION i

Applying for a Loan	1
---------------------------	---

EXHIBITS

Exhibit A - APPLICATION FORM

Tab 1. Summary Information	A-1
----------------------------------	-----

Project Information	A-2
---------------------------	-----

Sources and Uses	A-3
------------------------	-----

Competing Service Area Health Facilities	A-4
--	-----

Community Service and Savings Pass Through	A-4
--	-----

Financial Summary	A-5
-------------------------	-----

Tab 2. Supplemental Project Information	A-8
---	-----

Tab 3. Financial Information	A-9
------------------------------------	-----

Tab 4. Projected Budget	A-9
-------------------------------	-----

Tab 5. Background	A-9
-------------------------	-----

Tab 6. Management Information	A-9
-------------------------------------	-----

Tab 7. Corporate Status	A-9
-------------------------------	-----

Tab 8. Utilization Statistics	A-10
-------------------------------------	------

Tab 9. Population Served	A-11
--------------------------------	------

Tab 10. Debt Service Coverage Calculations	A-12
--	------

Tab 11. Other Information	A-13
---------------------------------	------

Tab 12. Legal Status Questionnaire	A-14
--	------

Tab 13. Certification	A-17
-----------------------------	------

Tab 14. EXHIBIT B Community Service Certification	B-1
---	-----

Tab 15. EXHIBIT C Sources & Uses of Funds (Construction Projects Only)	C-1
--	-----

* EXHIBIT D Government Code 15438.5	D-1
---	-----

[* - Information Only – do not include in application]

Program **OBJECTIVE**

The Authority recognizes the difficulty health facilities have in obtaining adequate financing for their capital needs. The Authority has partnered with NCB Development Corporation (NCBDC) to increase access to capital for these facilities. The program targets loans of \$400,000 to \$1 million with competitive interest rates and terms.

Eligibility



General Requirements:

- ◆ Must qualify as a health facility under the Authority’s enabling legislation. (See “Health Facilities Defined”, page vi.)
- ◆ Must be a non-profit 501(c)(3) corporation, or a public health facility (e.g., District Hospital).
- ◆ Must have been in existence for at least three years performing the same types of services.
- ◆ Must provide three years audited financial statements.
- ◆ Must demonstrate evidence of fiscal soundness and the ability to meet the terms of the loan.
- ◆ Must show readiness to begin projects shortly after funding for construction and remodeling projects.
- ◆ Must provide for consumer savings and community benefit.

Uses of Funds



Funds may be used to:

- ◆ Purchase, construct, renovate, or remodel real property.
- ◆ Perform feasibility studies, site tests, and surveys associated with real property.
- ◆ Pay permit fees, architectural fees, and other pre-construction costs.
- ◆ Purchase equipment and furnishings.
- ◆ Reimburse eligible expenditures made within 90 days of the application date.
- ◆ Refinance an existing loan with any of the following terms:
 - a) Balloon payment due within 24 months.
 - b) Current interest rate which is at least 3% higher than the rate offered by NCBDC.
 - c) Cash-out refinances of real property, with a minimum of \$100,000 cash-out (proceeds must be used for an eligible purpose).



Funds may **not** be used for:

- ◆ Day-to-day operational expenses (working capital).
- ◆ Reimbursement of prior project expenditures disbursed more than 90 days from the application date.
- ◆ Funding start-up corporations.

HealthCAP

Loan Information



Terms:

- ♦ Interest rate is tied to the ten-year Treasury Bond Yield, plus a margin as low as 2.15%.
- ♦ Fixed interest rate for ten years. Rate adjusts every five years thereafter.
- ♦ Loan amounts of \$250,000 to \$1 million.¹
- ♦ Real property loans have a maximum loan to value ratio of 90%, with a loan term up to 15 years. For applications with a loan to value in excess of 80%, borrower will be required to make a deposit into a reserve account (see page v for details)
- ♦ Equipment loans have a maximum loan to value ratio of 75%, with a loan term up to 5 years (higher loan to value may be possible with additional collateral).
- ♦ Revenue pledge required. Additional collateral (equipment and/or real estate) will also be required.
- ♦ Fully amortizing loans.
- ♦ No prepayment penalties.
- ♦ Loans funded in approximately 60-90 days from the application date.

Standard Borrower Covenants

Borrowers receiving loans must:

- ♦ Submit annual audits to NCBDC and the Authority. NCBDC also requires quarterly unaudited financial statements and budgets.
- ♦ Maintain adequate property and business insurance.
- ♦ Notify the Authority and NCBDC of any significant changes in corporate existence prior to the occurrence (i.e., mergers, consolidations, structure or name changes).

¹ Loan amounts up to \$1.4 million can be obtained by combining the Authority's HELP II Loan Program (maximum loan of \$400,000) and a HealthCAP Loan. For further information regarding the HELP II Loan Program, contact the Authority or check the CHFFA website (www.treasurer.ca.gov/chffa/chffa.htm).

Fees & Charges



- ◆ There is a non-refundable \$250 application fee payable to the Authority that must be submitted with the application.
- ◆ For approved loans, there is a loan origination fee ranging from 1.0% to 1.5% of the loan amount. This one-time fee is used to defray loan administration and closing costs and cannot be financed as part of the project. For approved loans, application fee will be applied to loan origination fee.
- ◆ For approved loans, there is a document preparation fee of \$1,000.
- ◆ Title, escrow, environmental inspection and construction inspection fees may be required for transactions involving real estate.
- ◆ There are no ongoing fees of the program.
- ◆ Out of pocket costs necessary to close the loan, will be the responsibility of the borrowers.

Reserve Account



- Borrowers with higher loan to value ratios will be required to fund a reserve account (RA) at closing. This can range from 1%-2% of the loan amount and cannot be financed as part of the loan. See the schedule below:

<u>Loan to Value</u>	<u>Required Deposit into RA</u>
80% or less	0%
80.01%-85.00%	1% of loan amount
85.01%-90.00%	2% of loan amount

- The borrower's RA deposit will not be refunded to the borrower until the loan is paid in full.
- The borrower shall not earn interest on their funds held in the account.

Health Facilities Defined



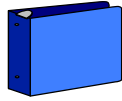
To be eligible for financing, an applicant must have received non-profit status *and* qualify as a health facility under the Authority's enabling legislation – Section 15432(d) of the Government Code. An applicant, with a few exceptions, must be licensed by the State of California, typically through the Department of Health Services or Department of Social Services. If an applicant is unsure about their eligibility, please contact the Authority.

Examples of qualifying health facilities include:

- Acute care hospitals
- Adult day health centers
- AIDS clinics
- Alcoholism recovery facilities ⁽¹⁾
- Blood Banks
- Chemical dependency facilities
- Child day care facilities ⁽²⁾
- Community clinics
- Community mental health facilities ⁽³⁾
- Community work-activity program (Accredited) ⁽⁴⁾
- Developmental disability facilities
- Diagnostic or treatment centers
- Group homes ⁽⁵⁾
- Multilevel care facilities ⁽⁶⁾
- Psychiatric facilities
- Public health centers
- Rehabilitation facilities
- Skilled nursing / intermediate care facilities

-
- (1) Services must include residential care that provides a 24-hour stay.
(2) Must be operated in conjunction with a licensed health facility.
(3) State license is not required, however must be certified by the State of California, Department of Mental Health.
(4) Includes sheltered workshops.
(5) Excludes foster family homes and agencies, adoption agencies, and residential care facilities for the elderly.
(6) Skilled Nursing Facility (SNF) or Intermediate Care Facility (ICF) care in conjunction with residential care.

Applying for a loan



The Authority and NCBDC welcome your loan application and wish you success in your financing endeavors. Staff will be pleased to answer any questions you have or to provide technical assistance in preparing the application. A pre-application discussion with Authority staff is recommended to ensure that the borrower and project qualify for financing. Please call us at (916) 653-2799.

GENERAL INFORMATION

Applications will be accepted on a continual basis.

The Authority and/or NCBDC may require a site visit to evaluate the project and the borrower's operations.

PREPARING THE APPLICATION

1. Prepare two report covers (Fig. 1) with two-prong metal fasteners (Fig. 2), with 15 tabs.

Fig. 1

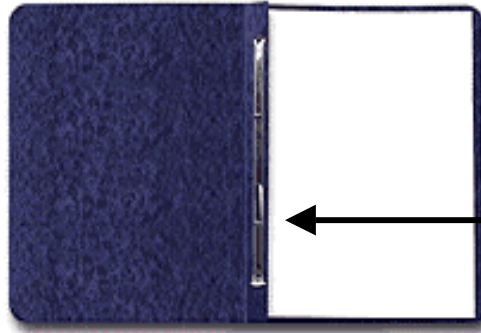


Fig. 2



2. In Tab 1 of the folders, place the completed written application (pages A-1 through A-5). The application must be typed. **Incomplete or illegible applications will not be considered for financing.**
3. Tabs 2 through 12, insert the supplementary materials as requested on pages A-8 through A-16.
4. In Tab 13, insert signed Certification (page A-17), in Tab 14, insert completed Exhibit B and in Tab 15, if applicable, insert completed Exhibit C.

SUBMITTING THE APPLICATION

Enclose a check for \$250 made payable to the *California Health Facilities Financing Authority* (non-refundable application fee) and forward the original loan application to NCBDC and a copy to the Authority at the addresses shown below:

Submit the **original** loan application

NCB Development Corporation

1333 Broadway, Suite 602

Oakland, CA 94612

Attn: Scott Spote

Submit application fee and a **copy** of loan application to:

California Health Facilities Financing Authority

915 Capitol Mall, Suite 590

Sacramento, California 95814

Attn. Terrence L. Partington



HealthCAP Loan Program Application Form

Tab 1. Summary Information

BORROWER INFORMATION		
Legal Name <i>[Name from Articles of Incorporation or Amendment(s)]</i>		
Street Address		Federal Tax I.D. Number
City, State & Zip	County	Contact Person / Title
P.O. Box Address <i>[If Applicable]</i>		Telephone Number
		Fax Number
Facility Name <i>[If different from Borrower Legal Name]</i>		E-mail Address
Project Street Address		Number of sites and locations
City, State & Zip	County	

LOAN INFORMATION		
AMOUNT REQUESTED: <i>[Max. \$400,000, including existing HELP II Balances]</i> \$	REPAYMENT TERM (Years): <i>[Real estate, max. 15 years / Equipment, max. 5 years]</i>	DATE FUNDS NEEDED:
EST. VALUE OF COLLATERAL: \$	DESCRIPTION OF COLLATERAL: <i>(i.e. address)</i>	LIEN POSITION: <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> Other:

ELIGIBILITY	
To be eligible for financing, applicants must meet each of the five following requirements. Please confirm eligibility by checking all that apply:	
<input type="checkbox"/> We qualify as a health facility under the Authority's enabling legislation – Section 15432(d) of the Government Code. We are licensed by the State of California through the Department of Health Services or ____.	
Type of facility: (Check all applicable boxes)	
<input type="checkbox"/> Acute Care Hospital	<input type="checkbox"/> Community Clinic
<input type="checkbox"/> Adult Day Health Center	<input type="checkbox"/> Community Mental Health
<input type="checkbox"/> AIDS Clinic	<input type="checkbox"/> Community Work-Activity
<input type="checkbox"/> Alcoholism Recovery Facility	<input type="checkbox"/> Developmental Disability
<input type="checkbox"/> Blood Bank	<input type="checkbox"/> Diagnostic/Treatment Center
<input type="checkbox"/> Chemical Dependency Facility	<input type="checkbox"/> Group Home
<input type="checkbox"/> Child Day Care Facility	<input type="checkbox"/> Multilevel Care Facility
<input type="checkbox"/> Psychiatric Facility	
<input type="checkbox"/> Public Health Center	
<input type="checkbox"/> Rehabilitation Facility	
<input type="checkbox"/> Skilled Nursing/Intermediate Care	
<input type="checkbox"/> Other (describe):	
<input type="checkbox"/> Must be a non-profit 501 (c) (3) corporation according to IRS definition, or a public health facility (e.g. District Hospital).	
<input type="checkbox"/> Must provide for consumer savings and community benefits (see page A-4).	
<input type="checkbox"/> Must have been in existence for at least three years performing the same types of services.	
<input type="checkbox"/> Must have three years audited financial statements	
If one or more of these requirements cannot be met, please contact the Authority to determine eligibility.	



PROJECT INFORMATION (USE ADDITIONAL PAGES AS NECESSARY.)

Purpose of Loan: (Check all applicable boxes)

- | | | |
|--|---------------------------------------|---|
| <input type="checkbox"/> Purchase real estate | <input type="checkbox"/> Construction | <input type="checkbox"/> Purchase equipment |
| <input type="checkbox"/> Refinance real estate | <input type="checkbox"/> Renovation | <input type="checkbox"/> Other (describe): |

Provide a comprehensive description of the project. (Additional project information is requested in Tab 2)

Fully describe what specific problem this project addresses? (i.e. community needs, demand, etc.)

If additional funding other than the requested loan is required, what is the status of the other funding and how will those funds be used?

Evidence of Community Support.

SOURCES AND USES ⁽¹⁾

Sources of Funds

HealthCAP loan (up to 90% Loan To Value [LTV], see below*)	_____	(_____)
Borrower funds	_____	(_____)
Other sources, list (i.e. bank loan**, grant, etc)	_____	(_____)
_____	_____	(_____)
_____	_____	(_____)
_____	_____	(_____)
Total Sources	_____	(_____) Must equal 100%

** If obtaining a bank loan, please describe the terms of the loan _____

Uses of Funds:

Purchase real property	_____
Construction, renovation, remodel real property	_____
Refinance real property debt (3% interest rate savings required)	_____
Purchase equipment and/or furnishings	_____
***Other _____	_____
_____	_____
_____	_____
Loan origination fee of 1.5%	_____
Reserve Account of up to 2% of the loan amount ****	_____
Document preparation fee to NCBDC	_____ 1,000 _____
Other closing costs (title, escrow, etc)	_____
Total Uses (most equal total sources)	_____

(1) For construction loans over \$500,000, also complete Exhibit B.

* Real property purchases – HealthCAP loan of up to 90% of the purchase price or appraised value, whichever is less.
 Real property construction, renovation, remodeling – HealthCAP loan cannot exceed 90% of the “as improved” appraised value.
 Refinance of real property – HealthCAP loan cannot exceed 90% of the appraised value.
 Equipment purchases – HealthCAP loan cannot exceed 75% of the purchase price for equipment (higher LTV ratio may be possible with additional collateral)

*** Eligible other uses include permit fees, architectural fees, other pre-construction costs. NCBDC will fund the reimbursement of eligible expenditures paid within 90 days of the application date.

**** See Page 5 for explanation of Reserve Account

COMPETING SERVICE AREA HEALTH FACILITIES

List below other service area health facilities.

Health Facility (Location, Affiliation)	Beds/Occupancy* (YEAR)	Market Share (%)	Estimated Distance Away

* If Applicant is not a hospital, use other appropriate comparative statistics, such as number of clients.

Describe briefly your competitive position in the service area, specifying your market share in both primary and secondary markets. Please note services provided principally or exclusively by your institution as opposed to competitors.

COMMUNITY SERVICE AND SAVINGS PASS THROUGH REQUIREMENTS

	Yes	No
A. Are borrower's services made available to all persons in the area served by the facility? (Sec. 15459, Gov. Code)	_____	_____
Note: Please read and execute the Community Service Obligation certificate. (Exhibit B of Application, insert in Tab 14)		
B. Are borrower's services eligible for Medi-Cal reimbursement? (Sec. 15459.1, Gov. Code)	_____	_____
C. Will savings realized as a result of a loan through the HealthCAP Program be passed through to the consuming public? (See 15438.5, Gov Code) (See Exhibit C)	_____	_____
D. Describe the manner in which savings realized as a result of a loan through the HealthCAP Program will be passed through to the consuming public. (See 15438.5, Gov Code) (See Exhibit C)		

FINANCIAL SUMMARY — (USE ADDITIONAL PAGES AS NECESSARY.)**Statement of Activities (Income Statement)****Please list any material changes in Revenues (Payor Sources or Client Makeup) and explain reason for changes:**

Line Item

Line Item

Line Item

Please list any changes in Expenses and explain reason for changes:

Line Item

Line Item

Line Item

If you have had any losses during the last 3 years or declining net income, please briefly discuss the contributing factors.

Please provide a comprehensive management discussion of the last 3 years audited Statement of Activities (Income Statement). Also, include in this discussion any material changes from year-to-year for line item revenues, expenses, unrestricted net assets. Please provide explanation below.

FINANCIAL SUMMARY [Continued] — (USE ADDITIONAL PAGES AS NECESSARY.)**Statement of Financial Condition (Balance Sheet)**

List all debt owed by the Corporation. Place an * by any debt which is being refinanced with the HELP II loan.
(Include existing lines of credit, and amounts currently outstanding).

<u>Lender</u>	<u>Original Loan Date / Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rate/ Monthly Paymnt</u>	<u>Est. Value of Collateral</u>	<u>Maturity Date</u>	<u>Purpose (i.e. purchase, remodel) Description (i.e. address)</u>

Please Discuss Increases in Fixed Assets over \$100,000

<u>Line Item</u>	<u>Purpose</u>	<u>Value</u>	<u>How Financed</u>

Accounts Receivable

<u>Total A/R as of Most Recent Fiscal Quarter</u>	<u>Date</u>	<u>% Aged Less than 30 Days</u>	<u>% Aged 31-60 Days</u>	<u>% Aged 61-90 Days</u>	<u>% Aged Over 90 Days</u>

Have your accounts receivable remained consistent? Please briefly discuss reasons for any significant changes in amounts.

Please provide a comprehensive management discussion of the last 3 years audited Statement of Financial Condition (Balance Sheet). Also, include in this discussion any material changes from year-to-year for line item assets, liabilities, and unrestricted net assets. Please provide explanation below.

Current Interim Financial Statements

Please provide a comprehensive management discussion of the current interim financial statements (Balance Sheet & Income Statement). Include in this discussion any material changes from year-to-year for line item revenues, expenses, unrestricted net assets, assets, liabilities, and unrestricted net assets. Please provide explanation below.

Current Interim Financial Statements for the month ending ____ / ____ / ____

Proposed Project

Discuss how the proposed project will affect future operating results i.e. revenue, expenses, net income, patient utilization, etc. (include projected budgets and feasibility studies, if applicable).

Tab 2. Supplemental Project Information

Provide the following information about the project:

SUPPLEMENTAL PROJECT INFORMATION	
Provide the following information about the project:	
1a. What is the expected Project start date?	1b. When will the Project be complete?
2. List the precise street address, city and county of the project.	
3. For renovation or construction projects, list the name of the construction company or contractor (if one is already chosen) completing the work.	
4. List the name of any other lenders/grantors participating in this project, include phone numbers, status of loan approval/grant commitment, terms of loan. Please provide a copy of loan/grant commitment letter, if available.	
5. For acquisition of real property, list the name of the seller. If seller is a partnership, provide names of the individuals that make up the partnership.	

Real estate collateral may be required for *construction*, *acquisition*, *renovation* or *refinancing* projects. Therefore, for these types of projects provide the name and address of the Title Company you have selected to handle your transaction. Also provide name, title, telephone and fax number of a contact person.

Please supply the following additional information for the types of projects listed below:

For construction or remodeling projects, provide:

- Project timeline.¹
- Construction contract.²
- Building permits required to begin construction.²
- Loan drawdown schedule.
- An estimate of property value. Your broker/realtor can assist you in this area. We require just an estimate at the application stage. However, please note that before the loan can close, an appraisal (no older than six months) will be required, verifying that the loan amount shall not exceed 90% of the “as improved” appraised value.²
- Appraisal “as improved” if completed, if not, expected completion date.²

For the acquisition or refinancing of real property, provide:

- A description of the land or property to be acquired.¹
- A copy of the existing loan or note (for a refinancing).¹
- Copy of executed purchase contract, counter offers, and all addendums for purchases.¹
- An estimate of property value. Your broker/realtor can assist you in this area. We require just an estimate at the application stage. However, please note that before the loan can close, an appraisal (no older than six months) will be required, verifying that the loan amount shall not exceed 90% of the “as is” appraised value.²
- Appraisal “as is” if completed, if not, expected completion date.²

For equipment, provide:

- A complete list of the items to be purchased, itemized by cost.
- Provide copies of requisitions, invoices or estimates to support your request.

1. Required for loan approval

2. If available, however, not required at time of application; but required prior to loan closing

Tab 3. Financial Information

- Provide copies of audited financial statements for the **three most recent fiscal years**, and the most recent unaudited **interim** income statement and balance sheet **in the audited format**.

Tab 4. Projected Budget

- If funds are to be used for the purchase or expansion of a facility, please provide **3 years projected budget** and/or a feasibility study. Please include projected patient statistics, revenues, expenses, net income and cash flow.

Tab 5. Background

- Describe your organization's mission and history. What programs do you provide? How long have you been providing them?
- List the street address, city and county of the organization's other facilities, if applicable.
- Describe your professional and volunteer staff in terms of professional credentials, experience and training.

Tab 6. Management Information

- Enclose the resumes of the Executive Director, Chief Financial Officer, and/or key managers of the corporation.
- List the names, terms, and occupations of your corporation's Board of Directors.

Tab 7. Corporate Status

- Provide a copy of *State of California operating license or certification (e.g. Department of Health Services, Social Service or other authorizing agency)*, of facility to receive funding.
- Provide copies of your corporation's certified *Articles of Incorporation* and *Bylaws*, and any changes since the initial filings.
- Provide a recent copy of the *Exempt Letter of Good Standing* from the Franchise Tax Board.*
- Provide a Certificate of *Status of Domestic Corporation* from the Secretary of State.*

* These documents can be obtained from the following sources:

1. Franchise Tax Board: Send a check for ten dollars payable to the *California Franchise Tax Board* along with your corporate name and corporate number (as listed on your Franchise Tax Board exemption letter) to:

State of California Franchise Tax Board
P.O. Box 942857
Sacramento, CA 94257-0501
(800) 852-5711

2. Secretary of State: Send a check for five dollars payable to the *Secretary of State* along with your corporate name and address to:

Secretary of State
1500 11th Street, Room 380
Sacramento, CA 95814
Attn: Certification Unit
(916) 657-5251 ext. 3

Tab 8. Utilization Statistics

For your last three fiscal years, and as of the date of your unaudited financial statements submitted under Tab 3, provide utilization statistics for **all** of the services and programs you provide. Be sure to include as much detail as possible. Two sample presentations follow:

SAMPLE 1
ABC Community Clinic Utilization
Encounters and (Number of Patients)

Type of Service	Seven Months Ended		Fiscal Year Ended June 30		
	January				
	2003	2002	2001	2000	
Medicare	1,019 / (395)	947 / (390)	799 / (534)	645 / (220)	
Medi-Cal	9,611 / (3,214)	6,815 / (2,357)	6,982 / (2,358)	6,000 / (2,000)	
Child Health Dis. Prevention	3,857 / (2,192)	1,355 / (903)	1,411 / (889)	1,202 / (814)	
Expanded Access to Primary	735 / (490)	595 / (566)	873 / (445)	776 / (400)	
Other Programs	1,422 / (558)	542 / (311)	452 / (296)	365 / (256)	
Self-pay & Private Insurance	6,235 / (3,752)	5,276 / (3,219)	3,792 / (2,668)	3,664 / (2,452)	
Totals	22,879 / (10,601)	15,530 / (7,746)	13,857 / (6,894)	12,652 / 6,142	

SAMPLE 2
ABC Adult Day Health Care Utilization
Clients Served

Type of Service	Seven Months Ended		Fiscal Year Ended June 30		
	January				
	2003	2002	2001	2000	
Adult Day Health Services					
Alzheimer's Day Care	80	107	102	105	
Regular Day Care	54	73	70	65	
Center Activities / Services					
Senior Activities	1,000	2,000	2,100	2,000	
Dial-A-Ride / Job Bank	450	527	508	405	
Senior Home Repair	75	149	120	129	
Nutrition					
Congregate Meals	20,161	55,068	52,903	53,323	
Home Delivered Meals	24,051	47,165	48,350	48,370	
Contracted Services	26,235	25,416	10,157	N/A	
Case Management Services	735	595	873	776	
Respite Care Registry	200	370	417	565	
Long-Term Care	215	619	511	533	
Comprehensive Care Svcs.	15	40	40	32	
Other Programs	1,422	542	452	365	
Self-pay & Private Insurance	6,235	5,276	3,792	3,664	
Totals	22,879	15,530	13,857	12,652	

Tab 9. Population Served

The following categories require the number of clients in each sub-group, as shown on the applicant's most recent records.

Age	Gender	Ethnic Composition
0-19	Male	Asian/Pacific Islander
20-34	Female	African American
35-44	Total	Caucasian
45-64		Hispanic
65 & Over		Native American
Total		Filipino
		Other
		Total

Tab 10. Debt Service Coverage Calculations

DEBT SERVICE COVERAGE CALCULATIONS

	ACTUAL			Proforma
	Fiscal Year Ending ¹			FYE ²
	<u> / / </u>	<u> / / </u>	<u> / / </u>	<u> / / </u>
	Prior Year 3	Prior Year 2	Prior Year ³	Prior Year
	(Audited)	(Audited)	(Audited)	(Audited)
INCOME AVAILABLE FOR DEBT SERVICE:				
Increase in Unrestricted Net Assets:				
(plus) Interest Expense:				
(plus) Depreciation Expense:				
(plus) any rent or lease payments to be eliminated w/financing				
(equals) Income Available for Debt Service:				
ANNUAL PAYMENT ON EXISTING LONG-TERM DEBT:				
Principal Payments:				
Interest Payments:				
(minus) annual loan payments to be refinanced ⁴ :	N/A	N/A	N/A	
Annual payment on existing long-term debt:				
PROPOSED HEALTHCAP LOAN ANNUAL PAYMENT ⁵:	N/A	N/A	N/A	
If applicable, other proposed annual loan payments ⁶:	N/A	N/A	N/A	
TOTAL DEBT SERVICE ⁷:				
DEBT SERVICE COVERAGE RATIO ⁸:				

¹ Provide financial information for each column from the three most recent audited fiscal years.

² Restate the financial information from the most recent audited fiscal year.

³ Most recent audited fiscal year

⁴ Only applies to Proforma column, complete only if refinancing debt.

⁵ Only applies to Proforma column.

⁶ Only applies to Proforma column, complete only if another proposed loan is used in conjunction with HealthCAP loan, i.e. HELP II loan, bank loan, etc. Fill-in the proposed loan description and annual loan payment amount.

⁷ Total Debt Service is the “Annual Payment on Existing Long-Term Debt” Total Debt Service for the **Proforma Year** equals the “Annual Payment on Existing Long-term Debt” plus the “Proposed HealthCAP Annual Payment” and other proposed annual loan payments.

⁸ Debt Service Coverage is computed by dividing “Income Available for Debt Service” by “Total Debt Service” and is equal to the sum of net income, interest expense, and depreciation and amortization, divided by the sum of current maturities of long-term debt and interest expense. This ratio indicates the facility’s ability to meet its principal and interest payments on long-term debt. A value of 1.00 or more means that the facility is meeting its debt requirements.

Tab 11. Other Information

A. Note any delinquent tax obligations and if all tax returns have been filed. Use additional pages and attach supporting documentation if necessary.

B. Seismic Upgrades (For Acute Care Hospitals Only):

Office of Statewide Health Planning and Development (OSHPD) regulations require that all general acute care hospital owners perform seismic evaluations on each hospital building and submit the results for review by January 1, 2001. The regulations subsequently require facilities to be in compliance with performance levels by January 1, 2008 or January 1, 2030 depending on building type.

1. Describe your organization's progress toward complying with OSHPD seismic evaluation regulations.
2. Provide any available cost estimates (preliminary or final) for completing seismic upgrades, if available.
3. Discuss any proposed or finalized financing options for any identified seismic upgrades.

Tab 12. Legal Status Questionnaire

LEGAL DISCLOSURE

All applicants are required to answer the following questions. If the answer is “yes” to any of the questions below, detailed explanations, and the amounts of any settlements, judgments or fines must be provided on Legal Disclosure Information.

For purposes of the following questions, the term “applicant” shall include the applicant and the project sponsor, the parent of the applicant and the project sponsor, and any subsidiary of the applicant or project sponsor if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the project. Public entity applicants without fiscal responsibility for the proposed project, including but not limited to, cities, counties, and joint powers authorities with 100 or more members, are not required to respond to this questionnaire.

In addition to each of these entities themselves, the term “applicant” shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, principals and senior executives of the entity if the entity is a corporation, the members of the board of directors of a for-profit corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.–

Note: Members of the boards of directors of non-profit corporations, including officers of the boards are not required to respond to the questionnaire. However, Executive Directors, Chief Executive Officers, Presidents, or their equivalent and the Chief Financial Officers, the Treasurers, or their equivalent must respond. Additionally, the individual who will be executing the bond purchase agreement, if different from any of the above, must also respond.

Civil Matters

Yes No

- | | | |
|--|-------|-------|
| 1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan, or been foreclosed against in the <i>past ten years</i> ? If so, please explain. | _____ | _____ |
| 2. Is the applicant <i>currently</i> a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant’s business, or (b) the project that is the subject of the application? If so, please explain. | _____ | _____ |
| 3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the <i>past ten years</i> that materially and adversely affected (a) the financial condition of the applicant’s business, or (b) the project that is the subject of the application? If so, please explain and state the amount. | _____ | _____ |
| 4. Is the applicant <i>currently</i> subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency? | _____ | _____ |

Civil Matters (cont'd.)

Yes No

5. In the ***past ten years***, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment? If yes to either question numbers 4 or 5, please explain.

Criminal Matters

6. Is the applicant ***currently*** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, ***felony charges*** against the applicant? If so, please explain.

7. Is the applicant ***currently*** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, ***misdemeanor charges*** against the applicant for matters ***relating to the conduct of the applicant's business***? If so, please explain.

8. Is the applicant ***currently*** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any ***financial or fraud related crime***? If so, please explain.

9. Is the applicant ***currently*** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could ***materially affect the financial condition of the applicant's business***? If so, please explain.

10. Within the ***past ten years***, has the applicant been convicted of any ***felony***? If so, please explain.

11. Within the ***past ten years***, has the applicant been convicted of any ***misdemeanor related to the conduct of the applicant's business***? If so, please explain.

12. Within the ***past ten years***, has the applicant been convicted of any ***misdemeanor for any financial or fraud related crime***? If so, please explain.

LEGAL DISCLOSURE INFORMATION
(Please explain any “yes” answers on Legal Disclosure)

Tab 13. Certification:

Please have the Executive Director of the agency, Board Chairperson, or other individual with the authority to commit the agency to contract complete the following certification:

- 1. I certify that to the best of my knowledge, the information contained in this application and the accompanying supplemental materials is true and accurate. The applicant understands that misrepresentation may result in the cancellation of the loan and other actions which the Authority is authorized to take.*
- 2. The agency hereby agrees that all legal information requested has been disclosed on pages A-14 and A-15.*

By (Print Name)

Signature

Title

Date

California Health Facilities Financing Authority

Certification and Agreement Regarding Community Service Obligation

Participating Health Institution ("Borrower"):

Name and Address of Financed Facility ("Facility"):

Medi-Cal Contract? ☐ YES ☐ NO

Name of Financing: **HealthCAP Loan Program**

1. General Assurance

Pursuant to Section 15459 of the California Government Code, the Borrower hereby certifies that the services of the Facility will be made available to all persons residing or employed in the area served by the Facility.

2. Compliance Requirements

As part of its assurance under Section 15459 of the California Government Code, the Borrower agrees to the following conditions:

- a) To advise each person seeking services at the Facility as to the person's potential eligibility for Medi-Cal and Medicare benefits or benefits from other governmental third party payers.
- b) To make available to the California Health Facilities Financing Authority ("Authority") and to any interested person a list of physicians with staff privileges at the Facility, which includes all of the following:
 - i) Name
 - ii) Specialty
 - iii) Language spoken.
 - iv) Whether the physician takes Medi-Cal and Medicare patients.
 - v) Business address and phone number.

- c) To inform in writing on a periodic basis all practitioners of the healing arts having staff privileges in the Facility as to the existence of the Borrower's community service obligation. Such notice to practitioners shall contain a statement, as follows:

"This Facility has agreed to provide a community service and to accept Medi-Cal and Medicare patients. The administration and enforcement of this agreement is the responsibility of the California Health Facilities Financing Authority and this facility."

- d) To post notices in the following form, which shall be multilingual where the borrower serves a multilingual community, in appropriate areas within the facility, including but not limited to, admissions offices, emergency rooms, and business offices:

"NOTICE OF COMMUNITY SERVICE OBLIGATION

This facility has agreed to make its services available to all persons residing or employed in this area. This facility is prohibited by law from discriminating against Medi-Cal and Medicare patients. Should you believe you may be eligible for Medi-Cal or Medicare, you should contact our business office [or designated person or office] for assistance in applying. You should also contact our business office [or designated person or office] if you are in need of a physician to provide you with services at this facility. If you believe that you have been refused services at this facility in violation of the community service obligation you should inform [designated person or office] and the California Health Facilities Financing Authority."

- e) To provide copies of the notice specified in paragraph d) for posting to all welfare offices in the county where the Facility is located.

3. Medi-Cal Exceptions

All references to Medi-Cal shall be deemed deleted from section 2 above if and to the extent any of the following conditions exist:

- a) The Facility is of a type and in a geographic area subject to Medi-Cal contracting and, following good faith negotiations, the Borrower has not been awarded a Medi-Cal contract by the California Medi-Cal Assistance Commission.
- b) The Facility is not of a type which provides services for which Medi-Cal payments are available.
- c) The Facility is, or is a part of, a multi-level facility and the health facility component of the Facility is of a size and type designed primarily to serve the health care needs of the residents of the multi-level facility.

Notwithstanding the foregoing, nothing in this Section 3 shall relieve the Borrower of its obligations, if any, under Section 1317 of the California Health and Safety code (relating to the provision of emergency service).

4. Compliance Reports

The Borrower agrees to make available to the Authority and to the public upon request an annual report substantiating compliance with the requirements of Section 15459 of the California Government Code. The annual report shall set forth sufficient information and verification therefor to indicate the Borrower's compliance. The report shall include at least the following:

- a) By category for inpatient admissions, emergency admissions, and outpatient admissions (where the facility has a separate identifiable outpatient service):
 - i) The total number of patients receiving services.
 - ii) The total number of Medi-Cal patients served.
 - iii) The total number of Medicare patients served.
 - iv) The total number of patients who had no financial sponsor at the time of service.
 - v) The dollar volume of services provided to each patient category listed in paragraphs i), ii), and iii).
- b) Any other information which the Authority may reasonably require.

5. Notices

Notices to the California Health Facilities Financing Authority required or permitted by this Agreement shall be given to the Authority addressed as follows:

California Health Facilities Financing Authority
915 Capitol Mall, Suite 590
Sacramento, CA 95814

or at such other or additional address as may be specified in writing by the Authority.

6. Terms of Agreement

This Agreement shall terminate when the Loan is no longer outstanding under the terms of the Note or similar agreement securing the Loan.

Name: _____ Signature: _____

Title: _____ Date: _____

RECEIVED AND ACKNOWLEDGED BY:

California Health Facilities Financing Authority

Terrence L. Partington
Executive Director

Tab 15.

CURRENT DATE: _____
 DATE PREPARED: _____

Exhibit C

SOURCES AND USES OF FUNDS STATEMENT/DRAW REQUEST FORMAT

<u>USES</u>	TOTAL	FUNDED TO DATE	REQUESTED THIS DRAW	TOTAL FUNDED	REMAINING TO BE FUNDED	% FUNDED
<i>Hard Costs</i>						
Acquisition/refinance						
Land						
Other	_____					
Subtotal Acquisition/refinance	_____					
Construction						
Direct Construction Costs						
Site Improvement						
Indirect Expense						
Profit						
Bonding @ 1%						
Permit & Fee Allowance						
Subtotal CM construction contract	_____					
Owner's construction contingency (10%)	_____					
Subtotal Construction	_____					
Total Hard Costs	_____					
<i>Equipment</i>						
Computer						
Telephone						
Small medical equipment						
Furnishings, equipment						
Contingency (5%)	_____					
Subtotal equipment	_____					
<i>Soft Costs</i>						
Construction/design related						
Permits and fees						
Architect						
Cost estimating						
Soils testing						
Other – Engineering						
Other						
Interior Designer	_____					
Subtotal construction/design-related	_____					

<u>USES</u>	TOTAL	FUNDED TO DATE	REQUESTED THIS DRAW	TOTAL FUNDED	REMAINING TO BE FUNDED	% FUNDED
<i>Financing/closing</i>						
Loan Fees						
Other Loan Fees						
Appraisal						
Financial feasibility						
Title						
Survey						
Environmental impact study						
Phase 1 environmental assessment						
Borrower's legal, consultant						
Lender's Legal						
Construction Inspector						
Builder's risk insurance						
Interest Expense						
Interest Expense						
Other						
Subtotal Financing/closing						
<i>Subtotal all soft costs</i>						
<i>Soft cost contingency (5%)</i>						
Total Soft Costs & Equipment						
<u>Total Project Costs</u>						
<u>SOURCES</u>						
<i>Debt</i>						
Construction Loan						
Other						
Other						
Subtotal Debt						
<i>Other Project Funds</i>						
Borrower's building reserves						
Other						
Other						
Other						
Subtotal Other Project Funds						
<u>Total Project Sources</u>						
<i>Surplus/(Deficit)</i>						

California Health Facilities Financing Authority

Government Code 15438.5

- (a) It is the intent of the Legislature in enacting this part to provide financing only, and, except as provided in subdivisions (b), (c), and (d), only to health facilities which can demonstrate the financial feasibility of their projects without regard to the more favorable interest rates anticipated through the issuance of revenue bonds under this part. **It is further the intent of the Legislature that all or part of any savings experienced by a participating health institution, as a result of that tax-exempt revenue bond funding, be passed on to the consuming public through lower charges or containment of the rate of increase in hospital rates. It is not the intent of the Legislature in enacting this part to encourage unneeded health facility construction.** Further, it is not the intent of the Legislature to authorize the authority to control or participate in the operation of hospitals, except where default occurs or appears likely to occur.
- (b) When determining the financial feasibility of projects for county health facilities, the authority shall consider the more favorable interest rates reasonably anticipated through the issuance of revenue bonds under this part. It is the intent of the Legislature that the authority attempt in whatever ways possible to assist counties to arrange projects which will meet the financial feasibility standards developed under this part.
- (c) The authority may issue revenue bonds pursuant to this part to finance the development of a multilevel facility, or any portion of a multilevel facility, including the portion licensed as a residential facility for the elderly, if the skilled nursing facility, intermediate care facility, or general acute care hospital is operated or provided by an eligible participating health institution.
- (d) If a health facility seeking financing for a project pursuant to this part does not meet the guidelines established by the authority with respect to bond rating, the authority may nonetheless give special consideration, on a case-by-case basis, to financing the project if the health facility demonstrates to the satisfaction of the authority the financial feasibility of the project, and the performance of significant community service. For the purposes of this part, a health facility which performs a significant community service is one that contracts with Medi-Cal or that can demonstrate, with the burden of proof being on the health facility, that it has fulfilled at least two of the following criteria:
 - (1) On or before January 1, 1991, has established, and agrees to maintain, a 24-hour basic emergency medical service open to the public with a physician and surgeon on duty, or is a children's hospital as defined in Section 14087.21 of the Welfare and Institutions Code, which jointly provides basic or comprehensive emergency services in conjunction with another licensed hospital. This criterion shall not be utilized in a circumstance where a small and rural hospital, as defined in Section 442.2 of the Health and Safety Code, has not established a 24-hour basic emergency medical service with a physician and surgeon on duty; or will operate a designated trauma center on a continuing basis during the life of the revenue bonds issued by the authority.

- (2) Has adopted, and agrees to maintain on a continuing basis during the life of the revenue bonds issued by the authority, a policy, approved and recorded by the facility's board of directors, of treating all patients without regard to ability to pay, including, but not limited to, emergency room walk-in patients.
 - (3) Has provided and agrees to provide care, on a continuing basis during the life of the revenue bonds issued by the authority, to Medi-Cal and uninsured patients in an amount not less than 5 percent of the facility's adjusted inpatient days as reported on an annual basis to the Office of Statewide Health Planning and Development.
 - (4) Has budgeted at least 5 percent of its net operating income to meeting the medical needs of uninsured patients and to providing other services, including, but not limited to, community education, primary care outreach in ambulatory settings, and unmet non medical needs, such as food, shelter, clothing, or transportation for vulnerable populations in the community, and agrees to continue that policy during the life of the revenue bonds issued by the authority. On or before January 1, 1992, the authority shall report to the Legislature regarding the implementation of this subdivision. The report shall provide information on the number of applications for financing sought under this subdivision, the number of applications approved and denied under this subdivision, and a brief summary of the reason for any denial of an application submitted under this subdivision.
- (e) Enforcement of the conditions under which the authority issues bonds pursuant to this section shall be governed by the enforcement conditions under Section 15459.4.